

ORIGINAL  
FORESTCITY  
LAND RECEIVED



August 11, 2009

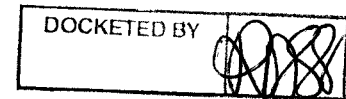
2009 AUG 14 A 11: 36

The Honorable Kristin Mayes, Chair  
The Honorable Sandra Kennedy  
The Honorable Paul Newman  
The Honorable Gary Pierce  
The Honorable Robert Stump  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona. 85007

AZ CORP COMMISSION  
DOCKET CONTROL

Arizona Corporation Commission  
**DOCKETED**

AUG 14 2009



RE: Arizona Public Service Company Docket E-01345A-08-0172

Dear Commissioners:

I am writing to you today to request your consideration of reversing the decision to eliminate free line extension for electrical service and consider its impacts to the economy, community and health of our cities and towns.

As a development company, we are certainly familiar with the impact fees, development costs and fluctuating prices due to market conditions, however, the impact of the new costs assumed with line extensions is monumental. Not only are we faced with surviving what many consider the worst economic times felt since the Great Depression, with this change the scope and value of our projects are altered drastically.

These new line extension fees are a direct impact to the viability of our Master-Planned communities. In one of our existing projects in southern Arizona, we have calculated the negative impact to be \$1.3 million dollars. With this "new" cost never being factored into our budgets before, it clearly could not come at a worse time while we are already fighting a challenged economy, reduced land values, and struggling homebuilders. The impact of this new policy change will be felt for years to come.

Not only do I believe the Commission should consider the direct impacts to the projects themselves, but also the impacts that will be felt in homes throughout Arizona as more trades become unemployed. The homebuilding industry starts with development, and if projects become too costly to improve, this industry has the potential to suffer even further. We are already at a historic low for housing starts, and additional fees to builders will certainly not stimulate new activity.

In addition, I urge the Commission to consider, that while this industry is fed by developed lots that are already improved, once development starts again to replace the consumed lots, there will certainly be an increase in price to compensate for this

Arizona Corporation Commission  
August 11, 2009  
Page 2

additional cost. This surge in price will be felt throughout the industry and most importantly by the consumer.

If the pricing for homes rises too high too quickly to compensate for these costs, the industry will be set up for collapse once again.

I respectfully request your consideration in reversing your decision to eliminate free line extensions and refundable allowances. The economics of the current world we live in do not justify the timing of this original decision and I believe its benefits are drastically outweighed by its impacts.

Sincerely,

Forest City Land Group/Gladden Farms

A handwritten signature in black ink, appearing to read 'Forrest Hancock', written over a horizontal line.

Forrest Hancock  
Project Manager